

2005 DRAFTING REQUEST

Bill

Received: **04/15/2005**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **Neci Riley**

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Fields@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 04/19/2005	kfollett 05/04/2005		_____			State
/1			rschluet 05/05/2005	_____	lemery 05/05/2005	mbarman 08/25/2005	State
/2	jkreye 09/08/2005 csundber 11/02/2005	kfollett 11/08/2005	rschluet 11/08/2005	_____ _____ _____	lnorthro 11/08/2005	lnorthro 11/08/2005	State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	jkreye 11/09/2005	kfollett 11/09/2005	jfrantze 11/09/2005	_____	lnorthro 11/09/2005	lnorthro 11/09/2005	

FE Sent For:

<END>

AA intro.

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1316f
11/9
Bill 11/9

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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/?	csundber 04/19/2005	kfollett 05/04/2005					State
/1		1/21/05 f 11/8	rschlue 05/05/2005		lemery 05/05/2005	mbarman 08/25/2005	

FE Sent For:

1/18/05
PV
<END>

Jacket
came back
for this
one

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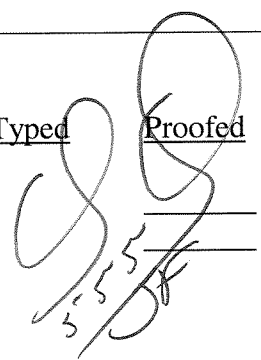
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/?	csundber	11 KJR 5/4					

FE Sent For:

<END>

Sundberg, Christopher

From: Riley, Neci
Sent: Friday, April 15, 2005 12:34 PM
To: Sundberg, Christopher
Subject: Draft request

Hi Chris,

I just wanted to follow up on the phone message I left earlier. Rep. Fields is requesting to have LRB 3798/1 re-drafted. It was originally drafted by Rob Marchant last session.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

*OK per AJ Wilson @
Kreuser's etc. 4/18/05*

2003 BILL

- 1 AN ACT *to create* 560.22 of the statutes; **relating to:** creating an Angel Investor
2 Program, granting rule-making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

Under this bill, the Department of Commerce (department) may award a grant of up to \$25,000 to an organization that has at least 12 members who are accredited investors (certain high net-worth investors, as defined under federal law) and that, during the 12-month period preceding the date of application for the grant, facilitated the investment of at least \$250,000 in early-stage businesses. An organization that applies for a grant under the bill must provide, as part of the application, a statement identifying how the grant moneys will be expended. The bill allows grant moneys to be used only for general operating expenses of an organization, not to finance research or compensate consultants. The total amount of grants awarded under the bill in any year to all organizations may not exceed \$250,000.

The bill also requires the department to develop and maintain a website to facilitate interactions between organizations that may qualify for grants and entrepreneurs in this state. Access to the website must be free of charge to those organizations and entrepreneurs that are approved by the department.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

BILL**SECTION 1**

1 **SECTION 1.** 560.22 of the statutes is created to read:

2 **560.22 Angel Investor Program. (1) GRANTS.** Except as provide in sub. (3),
3 the department may award a grant to an organization that has at least 12 members
4 who are accredited investors, as defined in 17 CFR 230.501 (a), and that, during the
5 12-month period preceding the date of application for the grant, facilitated the
6 investment of at least \$250,000 in early-stage businesses.

7 **(2) APPLICATION.** The department shall establish an application procedure for
8 awarding grants under sub. (1). An organization that applies for a grant under sub.
9 (1) shall provide, as part of the application, a statement identifying how the grant
10 moneys will be expended.

11 **(3) USE OF GRANT MONEYS; REPORTING.** An organization that receives a grant
12 under sub. (1) may use grant moneys only for general operating expenses of the
13 organization. The organization may not use grant moneys to finance research or
14 compensate consultants. During the 12th month beginning after the date on which
15 an organization receives a grant under sub. (1), the organization shall report to the
16 department, in the form and manner prescribed by the department, concerning the
17 expenditure of the grant moneys.

18 **(4) WEBSITE.** The department shall develop and maintain a website to facilitate
19 interactions between organizations described in sub. (1) and entrepreneurs in this
20 state. Access to the website shall be free of charge to organizations described under
21 sub. (1) and entrepreneurs approved by the department.

22 **(5) LIMITATIONS.** No organization may receive more than \$25,000 in grant
23 moneys under sub. (1) in any year. The total amount of grants awarded under sub.
24 (1) in any year to all organizations may not exceed \$250,000.

25 **(6) RULES.** The department shall promulgate rules to administer this section.

BILL

SECTION 2. Appropriation changes.

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of commerce under section 20.143 (1) (a) of the statutes, as affected by the acts of 2003, the dollar amount is increased by \$250,000 for fiscal year 2003–04 and the dollar amount is increased by \$250,000 for fiscal year 2004–05 to fund the operation of the Angel Investor Program under section 560.22 of the statutes, as created by this act.

(END)

~~Ed M. Rogers~~
CTB: kjf

5
2003 BILL

In: 4/19/05
Due: ~~soon~~ 5/10/05

(B-X)

(Regen)

- 1 **AN ACT to create** 560.22 of the statutes; **relating to:** creating an Angel Investor
- 2 Program, granting rule-making authority, and making an appropriation.

per year
Analysis by the Legislative Reference Bureau

Under this bill, the Department of Commerce (department) may award a grant of up to \$25,000 to an organization that has at least 12 members who are accredited investors (certain high net-worth investors, as defined under federal law) and that, during the 12-month period preceding the date of application for the grant, facilitated the investment of at least \$250,000 in early-stage businesses. An organization that applies for a grant under the bill must provide, as part of the application, a statement identifying how the grant moneys will be expended. The bill allows grant ~~moneys~~ to be used only for general operating expenses of an organization, not to finance research or compensate consultants. The total amount of grants awarded under the bill in any year to all organizations may not exceed \$250,000. *and*

proceeds
proceeds
The bill also requires the department to develop and maintain a website to facilitate interactions between organizations that may qualify for grants and entrepreneurs in this state. Access to the website must be free of charge to those organizations and entrepreneurs that are approved by the department. *an Internet*

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill. *to*

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

BILL

INSZ-1

SECTION 1. 560.22 of the statutes is created to read:

Subject to

560.22 Angel Investor Program. (1) GRANTS. ~~Except as provide in~~ sub. (3),

the department may award a grant to an organization that has at least 12 members who are accredited investors, as defined in 17 CFR 230.501 (a), and that, during the 12-month period preceding the date of application for the grant, facilitated the investment of at least \$250,000 in early stage businesses.

(2) APPLICATION. The department shall establish an application procedure for awarding grants under sub. (1). An organization that applies for a grant under sub. (1) shall provide, as part of the application, a statement identifying how the grant moneys will be expended.

(3) USE OF GRANT MONEYS; REPORTING. An organization that receives a grant under sub. (1) may use grant moneys only for general operating expenses of the organization. The organization may not use grant moneys to finance research or compensate consultants. During the 12th month beginning after the date on which an organization receives a grant under sub. (1), the organization shall report to the department, in the form and manner prescribed by the department, concerning the expenditure of the grant moneys.

(4) WEBSITE. The department shall develop and maintain a website to facilitate interactions between organizations described in sub. (1) and entrepreneurs in this state. Access to the website shall be free of charge to organizations described under sub. (1) and entrepreneurs approved by the department.

(5) LIMITATIONS. No organization may receive more than \$25,000 in grant moneys under sub. (1) in any year. The total amount of grants awarded under sub. (1) in any year to all organizations may not exceed \$250,000.

(6) RULES. The department shall promulgate rules to administer this section.

BILL

SECTION 2. Appropriation changes.

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of commerce under section 20.143 (1) (a) of the statutes, as affected by the acts of 2003⁵, the dollar amount is increased by \$250,000 for fiscal year 2003-04^{5 6} and the dollar amount is increased by \$250,000 for fiscal year 2004-05^{6 7} to fund the operation of the Angel Investor Program under section 560.22 of the statutes, as created by this act.

(END)

SEC #. Effective date.

Ext: NS: eff date A → (1) This act takes effect on July 1, 2005, on the day after publication of the 2005-07 biennial budget, ^{act} or on the day after publication, whichever is latest.

D-Note

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2815/lins
CTS:.....

Insert 2-1:

SECTION 1. 20.143 (1) (a) of the statutes is amended to read:

20.143 (1) (a) *General program operations.* Subject to par. (g), the amounts in the schedule for general program operations under subchs. I and III to VIII of ch. 560 and for grants under the Angel Investor Program under s. 560.22.

History: 1979 c. 361; 1981 c. 20, 21, 349; 1983 a. 27, 83, 192, 381; 1985 a. 29 ss. 169 to 204, 3202 (14); 1985 a. 120, 332, 334; 1987 a. 27, 109, 317, 318, 399, 403; 1989 a. 31, 185, 237, 317, 325, 335, 336, 342, 359; 1991 a. 39, 259, 261, 269, 315; 1993 a. 5, 16, 75, 110, 232, 437; 1995 a. 27 ss. 483, 505 to 517, 608s, 609g, 609j, 964, 965, 977, 987, 988, 990 to 993, 1080b, 1085b, 1086b, 9116 (5); 1995 a. 116, 119, 216, 227; 1997 a. 9, 27, 35, 215, 237, 252, 310; 1999 a. 9, 84, 106, 185, 186; 2001 a. 16, 109; 2003 a. 33 ss. 292c to 297m, 593 to 600, 602 to 604; 2003 a. 255, 256.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2815/1dn

CTS: *lcj*

Date

Representative Fields:

2003 3798/1
This is a redraft of LRB-~~2649M~~^{2649M}. Please review it carefully to ensure it is consistent with your intent, and note the following:

X Under s. 16.47 (2), before passage of the budget bill, neither house may pass a bill that increases the cost of state government by more than \$10,000[✓] annually unless the governor, the Joint Committee on Finance or, in some cases, the committee on organization of either house recommends passage of the bill as an emergency appropriation bill. When the budget bill is enacted, it will repeal and recreate the appropriation schedule in ch. 20, eliminating any appropriation enacted before the enactment of the budget. I have included a delayed effective date in this draft, but it is possible, though unlikely, that the budget bill as enacted could eliminate s. 20.143[✓] (1) (a) entirely, in which case the appropriation changes in the draft will have no effect.

This draft amends the appropriation under s. 20.143 (1) (a) in order to fund grants under the program created in the draft. As an alternative, you may wish to create a separate GPR appropriation to fund the grants.

Please contact me if you have any questions.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2815/1dn
CTS:kjfrs

May 5, 2005

Representative Fields:

This is a redraft of 2003 LRB-3798/1. Please review it carefully to ensure it is consistent with your intent, and note the following:

Under s. 16.47 (2), before passage of the budget bill, neither house may pass a bill that increases the cost of state government by more than \$10,000 annually unless the governor, the Joint Committee on Finance or, in some cases, the committee on organization of either house recommends passage of the bill as an emergency appropriation bill. When the budget bill is enacted, it will repeal and recreate the appropriation schedule in ch. 20, eliminating any appropriation enacted before the enactment of the budget. I have included a delayed effective date in this draft, but it is possible, though unlikely, that the budget bill as enacted could eliminate s. 20.143 (1) (a) entirely, in which case the appropriation changes in the draft will have no effect.

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Please contact me if you have any questions.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

Basford, Sarah

From: Riley, Neci
Sent: Thursday, August 25, 2005 10:03 AM
To: LRB.Legal
Subject: Draft review: LRB 05-2815/1 Topic: Angel investor program

It has been requested by <Riley, Neci> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-2815/1 Topic: Angel investor program

2815

Kreye, Joseph

From: Sundberg, Christopher
Sent: Thursday, September 01, 2005 9:13 AM
To: Fields, Jason
Cc: Kreye, Joseph
Subject: RE: LRB-2815, Angel Investor Bill

You may return the jacket, and we'll do a redraft of the current version.

Please note that Joe is presently out of the office, but is scheduled to return tomorrow. We'll give you an update when we've had a chance to talk about your instructions.

From: Fields, Jason
Sent: Tuesday, August 30, 2005 12:13 PM
To: Sundberg, Christopher; Kreye, Joseph
Subject: LRB-2815, Angel Investor Bill

Thanks Chris and Joseph for working on this.

I have this LRB jacketed already, what should I do with the old version considering we are changing this bill? Do I need to send it back to you or hold on to it?

Also regarding the changes. Chris could you add women in addition to minorities. (This new bill would be for minorities and women businesses)

Joesph, as it relates to the fiscal tax credit. I would like to increase the Wisconsin income tax credit to 4% versus 3.7.

I know you have drafts and are quite busy. But I have been commissioned by the Lt. Governor to work on goals and requirements for the Governors portion of Grow Wisconsin relating to Minority and Women owned businesses. This bill will be one of the recommendations. I would like to humbly, and respectfully add that we try to move on this right away.

Rep. Fields

Kreye, Joseph

From: Fields, Jason
Sent: Tuesday, August 30, 2005 12:42 PM
To: Russell, Faith
Cc: Sundberg, Christopher; Kreye, Joseph
Subject: ETI-Tax Credit Program

Faith, I am having the attorneys draft a bill titled the ETI (Emerging Target Investment) Tax Credit Program.

Basically this bill establishes a program similar to the Angel Investor Tax Credit. But I am asking for a 4% tax credit per year for 10 years

Instead of 3 million over 10 years, this program would offer 1,050,000 ~~00~~ over a 10 year period, with a carry forward provision similar to the Angel Investor tax Credit. This Tax credit would be eligible for those angel investors or organizations/ networks that would invest in Minority and Women owned businesses. I am attempting to limit the fiscal numbers to 35% of the Angel Investor Tax Credit Fiscal Numbers.

I am asking for a fiscal note on this proposed bill, which is being drafted.

Rep. Jason Fields
(608) 266-3756

Kreye, Joseph

From: Sundberg, Christopher
Sent: Monday, August 29, 2005 2:29 PM
To: Kreye, Joseph

or this?

From: Jason Fields [<mailto:jsnfields@sbcglobal.net>]
Sent: Monday, August 29, 2005 8:37 AM
To: Riley, Neci
Subject: Give this to the drafter/ as well as call the Fiscal Bureau.

The Fiscal Bureau needs to provide feedback as to the impact of my proposed ETI-Tax Credit Program?

The appropriation should be made from the exact place as the Angel Investor Tax Credit Program.

Notes For The Fiscal Bureau

The Drafting attorney's should draft the bill with these figures in mind. This Bill provides a Wisconsin Income Tax Credit of 3.75 a year. This credit would last for 10 years.

Explain to them that this mirrors the Angel Investment Tax Credit Program but with reduced fiscal numbers. I Limited the fiscal numbers of the ETI-Tax Credit Program to 30% of the Angel Investor Program.

This should equal \$1,050,000 million a year in tax credits and translate into \$4.2 million in venture capital investments in the state annually.

We are capping the Investment amount eligible for a tax credit at \$600 thousand.

this would provide a \$150 thousand tax credit.

Notes For the Drafters:

This Tax Credit can be used only to invest into Emerging Markets, which would mean business owned by minorities as defined by state statute.

The type of Industries and businesses that qualify:

- Manufacturing
- Technology
- Financial Services
- Business Services
- Consumer Products and Services
- Media

- Healthcare Services and Products
- Retail Chains/Restaurants
- Real Estate Development

This legislation would provide this tax credit for 15 years, instead of 30 years like the Angel Investor Tax credit Program. The Bill would also allow for a carry forward provision as well

Send this to both the Drafter and the Fiscal Bureau.

Rep. Fields

Christopher Sundberg
Legislative Attorney
Legislative Reference Bureau
(608) 266-9739
christopher.sundberg@legis.state.wi.us

Kreye, Joseph

From: Sundberg, Christopher
Sent: Monday, August 29, 2005 2:29 PM
To: Kreye, Joseph
Subject: FW: LRB 2815/1 re Angel Investor Re-draft Request

Do you understand this? Let's talk.

From: Riley, Neci
Sent: Friday, August 26, 2005 4:39 PM
To: Sundberg, Christopher
Subject: LRB 2815/1 re Angel Investor Re-draft Request

Hi Chris,

I need your help. Rep. Fields is looking to do something a little different with the Angel Investor bill. He would like to turn the \$25,000 grant into a tax credit. The organization can only receive the tax credit if they invest in minority owned businesses within Wisconsin.

Eligible minority owned business would consist of:

- Manufacturing
- Financial Services
- Business Services
- Consumer Products and Services
- Media
- Entertainment
- Technology

Could you possibly re-draft or draft this?

I have already requested that LRB 2815/1 be jacketed. I can send it back once I get it.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756

Fax: (608) 282-3611

Sundberg, Christopher

From: Riley, Neci
Sent: Monday, August 29, 2005 10:03 AM
To: Sundberg, Christopher
Subject: Re-draft re Angel Investor bill, LRB 2815/1
Importance: High

Chris,

Please disregard the email message that I sent on Friday about re-drafting the Angel Investor bill. Rep. Fields has again changed his mind about the bill and would like for you to draft something else. Please see message below for details.

For clarification, please contact Rep. Fields at (414) 364-1642 (cell) or jsnfields@sbcglobal.net. Please Cc me on emails.

I apologize for the back and forth and any inconvenience this may have caused.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

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Sent: Monday, August 29, 2005 8:37 AM
To: Riley, Neci
Subject: Give this to the drafter/ as well as call the Fiscal Bureau.

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The appropriation should be made from the exact place as the Angel Investor Tax Credit Program.

Notes For The Fiscal Bureau

08/29/2005

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We are capping the Investment amount eligible for a tax credit at \$600 thousand.
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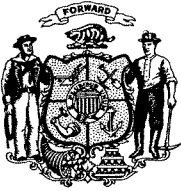
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- Technology
- Financial Services
- Business Services
- Consumer Products and Services
- Media
- Healthcare Services and Products
- Retail Chains/Restaurants
- Real Estate Development

This legislation would provide this tax credit for 15 years, instead of 30 years like the Angel Investor Tax credit Program. The Bill would also allow for a carry forward provision as well

Send this to both the Drafter and the Fiscal Bureau.

Rep. Fields



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-2815/1

CTS:kjf/

In: 11/2/05
Due: 11/9/05 (Wednesday)

JK

2005 BILL

(D-N)

emerging target investment
emerging target investment
tax credit and

Regen

- 1 AN ACT to amend 20.143 (1) (a); and to create 560.22 of the statutes; relating
2 to: creating an Angel Investor Program, granting rule-making authority, and
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Analysis by the Legislative Reference Bureau

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The bill also requires the department to develop and maintain an Internet site to facilitate interactions between organizations that may qualify for grants and entrepreneurs in this state. Access to the Web site must be free of charge to those organizations and to entrepreneurs that are approved by the department.

INSERT
A

INSERT
CB A-2

BILL

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INS CS 2-5

SECTION 1. 20.143 (1) (a) of the statutes is amended to read:

20.143 (1) (a) *General program operations.* Subject to par. (g), the amounts in the schedule for general program operations under subchs. I and III to VIII of ch. 560 and for grants under the Angel Investor Program under s. 560.22.

SECTION 2. 560.22 of the statutes is created to read:

560.22 Angel Investor Program. (1) GRANTS. Subject to sub. (3), the department may award a grant to an organization that has at least 12 members who are accredited investors, as defined in 17 CFR 230.501 (a), and that, during the 12-month period preceding the date of application for the grant, facilitated the investment of at least \$250,000 in early stage businesses.

(2) APPLICATION. The department shall establish an application procedure for awarding grants under sub. (1). An organization that applies for a grant under sub. (1) shall provide, as part of the application, a statement identifying how the grant moneys will be expended.

(3) USE OF GRANT MONEYS; REPORTING. An organization that receives a grant under sub. (1) may use the proceeds of the grant only for general operating expenses of the organization. The organization may not use the proceeds of the grant to finance research or compensate consultants. During the 12th month beginning after the date on which an organization receives a grant under sub. (1), the organization shall submit a report to the department, in a form and manner prescribed by the department, that details how the organization has used the proceeds of the grant.

BILL

(1) (4) WEB SITE. The department shall develop and maintain an Internet site to
(2) facilitate interactions between organizations described in sub. (1) and entrepreneurs
(3) in this state. Access to the Web site shall be free of charge to organizations described
(4) under sub. (1) and to entrepreneurs approved by the department.

(5) LIMITATIONS. No organization may receive more than \$25,000 in grant
(6) moneys under sub. (1) in any year. The total amount of grants awarded under sub.
(7) (1) in any year to all organizations may not exceed \$250,000.

(8) (3) (6) RULES. The department shall promulgate rules to administer this section.

SECTION 3. Appropriation changes.

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation
to the department of commerce under section 20.143 (1) (a) of the statutes, as affected
by the acts of 2005, the dollar amount is increased by \$250,000 for fiscal year 2005-06
and the dollar amount is increased by \$250,000 for fiscal year 2006-07 to fund the
operation of the Angel Investor Program under section 560.22 of the statutes, as
created by this act.

SECTION 4. Effective date.

(1) This act takes effect on July 1, 2005, on the day after publication of the
2005-07 biennial budget act, or on the day after publication whichever is latest.

(END)

1/12/05
3-18

D-Note

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2815/2insCS
CTS:.....

Insert CS-A2:

single space
② ~~The tax credit~~ Under the bill, the Department of Commerce certifies persons
③ who ~~are~~ ^{is} eligible for the tax credit, and certifies the amount of the credit for which the
④ person is eligible. A person is eligible for certification only if the person will make
⑤ an investment in a business engaged in manufacturing, financial services, business
⑥ services, consumer products and services, media, entertainment, or technology.

Insert CS 2-5:

⑧ **560.22 Emerging target investment program.** (1) [✓] (a) [✓] The department
⑨ shall implement a program to certify persons as eligible for tax credits under s. 71.07
⑩ (5e). The department [✓] may certify a person under this subsection only if the person
⑪ will make an emerging target investment, as defined in s. 71.07 (5e) (a) 1., in a
⑫ business engaged in any of the following:

- ⑬ 1. Manufacturing.
- ⑭ 2. Financial services.
- ⑮ 3. Business services.
- ⑯ 4. Consumer products and services.
- ⑰ 5. Media.
- ⑱ 6. Entertainment.
- ⑲ 7. Technology.

⑳ (b) If the department [✓] certifies a person as eligible for tax credits under sub. (1)
㉑ the department shall also certify the amount of the emerging target investment
㉒ made by the person.

par. (a)

① (c) Certifications under this subsection shall be valid only for the tax year in
2 which application is made. *par. (a)*

3 (2) The department shall notify the department of revenue of certifications
4 under sub. (1) and shall make available to the public on the Internet a list of the
5 persons certified and the amount of the emerging target investment made by each
6 person certified.

7

8

**2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2815/2ins
CTS&JK:kjfrs

Insert A

This bill creates an income tax credit for an amount equal to 4 percent of the investment a person makes in a minority-owned or woman-owned business. The maximum amount that a person may invest and use as the basis for a credit is \$600,000 for each investment made directly in the business. The maximum amount of the credits that may be claimed for all claimants and all taxable years is \$10,500,000.

Insert 2 - 4

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)
4 and not passed through by a partnership, limited liability company, or tax-option
5 corporation that has added that amount to the partnership's, company's, or
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25; s. 13.93 (2) (c).

7 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

8 71.07 (5e) EMERGING TARGET INVESTMENT CREDIT. (a) *Definitions.* In this
9 subsection:

10 1. "Emerging target investment" means a purchase of an equity interest, or any
11 other expenditure, as determined by rule under s. ~~XXXXX~~, that is made by any of the
12 following:

13 a. An individual who reviews new businesses or proposed new businesses for
14 potential investment of the individual's money.

15 b. A network of individuals who satisfy subd. 1.

16 2. "Claimant" means an individual who files a claim under this subsection.

17 3. ~~"Minority-owned or woman-owned business venture"~~ means a business that
18 is certified under s. ~~XXXXX~~.

4. "Woman-owned business" means a sole proprietorship, partnership, limited liability company, joint venture, or corporation that is at least 51 percent owned, controlled, and actively managed by a woman, as determined by the department of commerce.

(b) *Filing claims.* Subject to the limitations provided in this subsection and in s. ~~XXXXXX~~^{560.22} a claimant may claim as a credit against the tax imposed under s. 71.02[✓] or 71.08[✓], up to the amount of those taxes, an amount equal to 4 percent of the claimant's emerging target investment made directly in a minority-owned[✓] or woman-owned business venture⁹ in the taxable year. ^{business}

(c) *Limitations.* 1. The maximum amount of the credits that may be claimed under this subsection[✓] for all taxable years combined is \$10,500,000[✓].

2. The maximum amount of a claimant's investment that may be used as the basis for a credit under this subsection[✓] is \$600,000[✓] for each investment made directly in a business certified under s. ~~XXXXXX~~^{560.22}

3. For a claimant who is a nonresident or part-year resident of this state and who is a single person or a married person filing a separate return, multiply the credit for which the claimant is eligible under par. (b)[✓] by a fraction, the numerator of which is the individual's Wisconsin adjusted gross income and the denominator of which is the individual's federal adjusted gross income. If a claimant is married and files a joint return, and if the claimant or the claimant's spouse, or both, are nonresidents or part-year residents of this state, multiply the credit for which the claimant is eligible under par. (b)[✓] by a fraction, the numerator of which is the couple's joint Wisconsin adjusted gross income and the denominator of which is the couple's joint federal adjusted gross income.

(d) *Administration.* 1. If an investment for which a claimant claims a credit under par. (b)[✓] is held by the claimant for less than one year, the claimant shall pay to the department[✓], in the manner prescribed by the department[✓], the amount of the credit that the claimant received related to the investment.

2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

3. Subsection (9e) (d), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection. *as affected by Act 25, 2005 Wisconsin*

SECTION 3. 71.08 (1) (intro.) of the statutes is amended to read:

71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust, or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s), (3t), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust, or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

History: 1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27, 237; 1999 a. 9; 2001 a. 109; 2003 a. 99, 135, 255, 326; 2005 a. 25.

SECTION 4. 71.10 (4) (gxx) of the statutes is created to read:

71.10 (4) (gxx) Emerging target investment credit under s. 71.07 (5e).

Insert 3 - 18

SECTION 5. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2006.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2815/2dn

CTS:...

kgf

Date

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent. Note that the criteria for certification by the Department of Commerce seem vague. Should the draft define these criteria with more specificity?

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2815/2dn
CTS:kjf:rs

November 8, 2005

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent. Note that the criteria for certification by the Department of Commerce seem vague. Should the draft define these criteria with more specificity?

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

Kreye, Joseph

From: Sundberg, Christopher
Sent: Tuesday, November 08, 2005 5:42 PM
To: Kreye, Joseph
Subject: FW: LRB 2815/2

Attachments: ETI-Tax Credit[1].doc

From: Riley, Neci
Sent: Tuesday, November 08, 2005 1:00 PM
To: Sundberg, Christopher
Cc: Fields, Jason
Subject: LRB 2815/2



ETI-Tax
edit[1].doc (414 KB)

Chris,

Thanks for the draft of LRB 2815/2. We would like to make some additional changes to the bill:

- the income tax credit should be 15%
- max amount for each investment should be \$500,000
- the total max of credits that may be claimed for all taxable years should be \$20 million

I have also attached a memo from the Fiscal Bureau about this proposal for your reference. Please see page three.

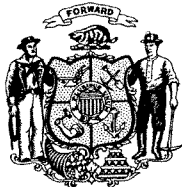
Also, the jacket for LRB 2815/2 just arrived. We didn't request that it be jacketed. Can I just send it back over to you?

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-2815/2
CTS&JK:kjf:rs

RMR

2005 ASSEMBLY BILL

in 11-9-05
mon
due 11-14-05

D-N

Regen

- 1 AN ACT *to amend* 71.05 (6) (a) 15. and 71.08 (1) (intro.); and *to create* 71.07 (5e),
2 71.10 (4) (gxx) and 560.22 of the statutes; **relating to:** creating an emerging
3 target investment tax credit and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for an amount equal to 4 percent of the investment a person makes in a minority business or woman-owned business. The maximum amount that a person may invest and use as the basis for a credit is ~~\$600,000~~ for each investment made directly in the business. The maximum amount of the credits that may be claimed for all claimants and all taxable years is ~~\$10,500,000~~.

Under the bill, the Department of Commerce certifies a person who is eligible for the tax credit, and certifies the amount of the credit for which the person is eligible. A person is eligible for certification only if the person will make an investment in a business engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

ASSEMBLY BILL

SECTION 1

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)
4 and not passed through by a partnership, limited liability company, or tax-option
5 corporation that has added that amount to the partnership's, company's, or
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

7 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

8 71.07 **(5e)** EMERGING TARGET INVESTMENT CREDIT. (a) *Definitions.* In this
9 subsection:

10 1. "Emerging target investment" means a purchase of an equity interest, or any
11 other expenditure, as determined by rule under s. 560.22, that is made by any of the
12 following:

13 a. An individual who reviews new businesses or proposed new businesses for
14 potential investment of the individual's money.

15 b. A network of individuals who satisfy subd. 1.

16 2. "Claimant" means an individual who files a claim under this subsection.

17 3. "Minority business" means a business that is certified under s. 560.036.

18 4. "Woman-owned business" means a sole proprietorship, partnership, limited
19 liability company, joint venture, or corporation that is at least 51 percent owned,
20 controlled, and actively managed by a woman, as determined by the department of
21 commerce.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and in
23 s. 560.22, a claimant may claim as a credit against the tax imposed under s. 71.02
24 or 71.08, up to the amount of those taxes, an amount equal to 4 percent of the

ASSEMBLY BILL

claimant's emerging target investment made directly in a minority business or woman-owned business in the taxable year.

(c) *Limitations.* 1. The maximum amount of the credits that may be claimed under this subsection for all taxable years combined is ~~\$10,500,000~~ ^{\$20,000,000}.

2. The maximum amount of a claimant's investment that may be used as the basis for a credit under this subsection is ~~\$600,000~~ ^{\$500,000} for each investment made directly in a business certified under s. 560.22.

3. For a claimant who is a nonresident or part-year resident of this state and who is a single person or a married person filing a separate return, multiply the credit for which the claimant is eligible under par. (b) by a fraction, the numerator of which is the individual's Wisconsin adjusted gross income and the denominator of which is the individual's federal adjusted gross income. If a claimant is married and files a joint return, and if the claimant or the claimant's spouse, or both, are nonresidents or part-year residents of this state, multiply the credit for which the claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's joint Wisconsin adjusted gross income and the denominator of which is the couple's joint federal adjusted gross income.

(d) *Administration.* 1. If an investment for which a claimant claims a credit under par. (b) is held by the claimant for less than one year, the claimant shall pay to the department, in the manner prescribed by the department, the amount of the credit that the claimant received related to the investment.

2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

3. Subsection (9e) (d), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection.

ASSEMBLY BILL**SECTION 3**

1 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2005 Wisconsin Act
2 25, is amended to read:

3 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
4 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
5 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
6 (3t), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
7 (1dx), (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
8 (1dx), (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other
9 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
10 that natural person, married couple filing jointly, trust, or estate, instead of the tax
11 under s. 71.02, an alternative minimum tax computed as follows:

12 **SECTION 4.** 71.10 (4) (gxx) of the statutes is created to read:

13 71.10 (4) (gxx) Emerging target investment credit under s. 71.07 (5e).

14 **SECTION 5.** 560.22 of the statutes is created to read:

15 **560.22 Emerging target investment program.** (1) (a) The department
16 shall implement a program to certify persons as eligible for tax credits under s. 71.07
17 (5e). The department may certify a person under this subsection only if the person
18 will make an emerging target investment, as defined in s. 71.07 (5e) (a) 1., in a
19 business engaged in any of the following:

- 20 1. Manufacturing.
- 21 2. Financial services.
- 22 3. Business services.
- 23 4. Consumer products and services.
- 24 5. Media.
- 25 6. Entertainment.

ASSEMBLY BILL

1 7. Technology.

(b) If the department certifies a person as eligible for tax credits under par. (a), the department shall also certify the amount of the emerging target investment made by the person.

5 (c) Certifications under par. (a) shall be valid only for the tax year in which
6 application is made.

7 **(2)** The department shall notify the department of revenue of certifications
8 under sub. (1) and shall make available to the public on the Internet a list of the
9 persons certified and the amount of the emerging target investment made by each
10 person certified.

11 **(3)** The department shall promulgate rules to administer this section.

12 **SECTION 6. Initial applicability.**

13 (1) This act first applies to taxable years beginning on January 1, 2006.

14 (END)

① - Note

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Date

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vk: kjf

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Representative Fields:

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2815/3dn
JK:kjf:jf

November 9, 2005

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us